

STATE OF VERMONT
PUBLIC SERVICE BOARD

Order entered: 8/14/2007

**ORDER RE PETITION OF IBM TO AMEND
EEU CUSTOMER CREDIT PROGRAM**

I. INTRODUCTION

On March 26, 2007, International Business Machines Corp. ("IBM") filed a request to alter the terms of the customer credit program administered by the Energy Efficiency Utility ("EEU") and established in Docket No. 5980. In particular, IBM requested that a customer enrolled in the Customer Credit Program be allowed to access 90% of the funds paid into the EEU fund by that customer, rather than the current 70%. Additionally, IBM asks that customers in the Customer Credit Program be allowed to use EEU funds for projects that have a 12-month payback period, rather than the 18-month payback period that is currently allowed.

II. PROCEDURAL HISTORY

On April 16, 2007, the Public Service Board ("Board") issued a memorandum to the parties in Docket No. 5980 requesting comments on IBM's petition and whether any additional process, beyond filing comments, is required.

On April 19, 2007, Green Mountain Power Corporation filed a letter in support of IBM's petition. On May 14, 2007, the Department of Public Service ("Department") filed a similar letter recommending that the Board "approve the Petition without hearing or investigation." On May 22, 2007, the City of Burlington Electric Department ("BED") filed a letter recommending that the Board carefully examine whether the 18-month payback period and the ability to access 70% of the funds paid into the EEU fund are appropriate.

During this time period, the Vermont General Assembly passed H. 520, which included the following language:

The board, by rule or order, shall establish a process by which a customer who pays an average annual energy efficiency charge of at least \$5,000.00 may apply to the board to self-administer energy efficiency

through the use of an energy savings account which shall contain a percentage of the customer's energy efficiency charge payments as determined by the board. The remaining portion of the charge shall be used for system-wide energy benefits. The board shall establish criteria for approval of these applications.

There was sufficient overlap between the bill and IBM's request that the Board decided to defer action on IBM's petition until the final disposition of H. 520 was known. The bill failed to become law and the Board now turns to IBM's petition, independent of H. 520.

III. DISCUSSION

The Customer Credit Program was created through a bilateral agreement between the Department and IBM, approved by the Board in Docket 5980.¹ It was designed to allow "certain customers to 'opt out' of the system-wide programs [of the EEU], but only if they implement energy-saving measures of their own."² Under the program, a customer that implements energy efficiency measures can receive back 70% of its payments to the fund in that year.

Because of IBM's special circumstances, including its continued annual investment in efficiency measures, we grant IBM's request to access 90% of its payments to the EEU.

IBM is the only customer enrolled in the Customer Credit Program and has participated in the program for the past seven years. As a result, changes to the Customer Credit Program will affect only IBM and would not affect the operation of Efficiency Vermont's system-wide programs. Additionally, the changes requested by IBM would not have any effect on BED's efficiency programs.

Allowing IBM to access 90% of the funds that it pays into the EEU, rather than 70%, would have some economic impact on Efficiency Vermont, due to the decreased availability of the funds for the system-wide programs. However, given the size of Efficiency Vermont's budget, the effect is not likely to be material. In addition, the funds would still be used to achieve the state-wide goal of increased energy efficiency.

1. Docket 5980, Order of 9/30/99.

2. Docket 5980, Order of 9/30/99 at 29.

We also grant IBM's request that we allow use of these funds for measures with a payback period of twelve months rather than the eighteen-month standard applied to other measures. The Customer Credit Program is unique because, once enrolled, participants must invest in energy efficiency projects on a regular basis. In light of this requirement, we conclude that a shorter payback period is reasonable because it would allow additional projects (ones with shorter payback periods) to qualify for EEU funds. This reduction in the payback period for the Customer Credit Program should not be considered precedential for the allowable payback period for EEU programs generally.

IV. CONCLUSION

For the reasons explained above, we find that the changes to the Customer Credit Program proposed by IBM are reasonable.

V. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that the Customer Credit Program, established in Docket No. 5980, shall be altered in the following ways:

1. Customers enrolled in the Customer Credit Program shall be allowed to access 90% of the funds paid into the EEU fund by that customer.
2. Customers in the Customer Credit Program shall be allowed to use EEU funds for projects that have a 12-month payback period.

Dated at Montpelier, Vermont, this 14th day of August, 2007.

<u>s/James Volz</u>)	
)	PUBLIC SERVICE
)	
<u>s/David C. Coen</u>)	BOARD
)	
)	OF VERMONT
<u>s/John D. Burke</u>)	

OFFICE OF THE CLERK

FILED: August 14, 2007

ATTEST: s/Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@state.vt.us)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.